

MINUTES

North Dakota Public Employees Retirement System

**Thursday, October 2, 2008
Fort Union Room, State Capitol, Bismarck
10:30 A.M.**

Members Present: Ms. Joan Ehrhardt
Mr. Levi Erdmann
Mr. Ron Leingang
Mr. Mike Sandal
Ms. Arvy Smith
Mr. Thomas Trenbeath

Via Conference Call: Chairman Jon Strinden

Others Present: Mr. Sparb Collins, NDPERS
Ms. Cheryl Stockert, NDPERS
Mr. Bryan Reinhardt, NDPERS
Ms. Deb Knudsen, NDPERS
Ms. Kathy Allen, NDPERS
Mr. Aaron Webb, Attorney Generals Office
Mr. Jerry Rueschhoff, Gallagher Benefit Services

Chairman Strinden called the meeting to order at 10:30 a.m.

HEALTH PLAN RENEWAL

Mr. Collins reported to the Board that we will need to make recommendations relating to plan funding and design to OMB for the executive budget by October 8. Mr. Collins reported to the Board that he and Chairman Strinden met with BCBS representatives on September 24. Since the meeting, BCBS has agreed to drop the 1% contingency with PERS sharing 50/50 in the first \$6 million in losses. BCBS did not agree to reduce the administrative fee, but instead agreed to offer PERS the BCBS wellness programs which are consistent with all lines of business BCBS offers to other clients. The value of this to PERS has the effect of reducing the administrative fee by more than 50%. BCBS has also agreed to cover circumcisions with no additional charge (previously priced at 18 cents per contract per month). Mr Collins also noted that PERS will continue to receive interest on our account balance (two year T bill) and receive rebates pursuant to the renewal. Staff recommends accepting the revised renewal offer which is contingent on approval by the Governor and Legislature.

MR. SANDAL MOVED TO APPROVE THE HEALTH INSURANCE RENEWAL AS REVISED. THE MOTION WAS SECONDED BY MS. EHRHARDT.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

FUNDING PRIORITIES

Mr. Collins reviewed with the Board NDPERS reserves. He indicated there are \$5.8 million in reserves after commitments, that we need to set aside \$3 million for the risk sharing corridor to be established as part of the renewal, and we could use up to \$2 million to fund the PERS proposed legislation to reduce preMedicare rates. This would leave \$800,000 to handle adverse claims that could come in during the remaining months of the closeout period.

MR. LEINGANG MOVED TO ACCEPT STAFF RECOMMENDATION TO SET ASIDE \$3 MILLION TO FUND THE RISK CORRIDOR FOR THE HEALTH PLAN AND UP TO \$2 MILLION TO FUND THE PROPOSED LEGISLATION RELATING TO PREMEDICARE RETIREE RATES. THE MOTION WAS SECONDED BY MR. TRENBEATH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

PLAN DESIGN

Mr. Collins presented various plan design options to the Board for review and discussion. Specifically, the wellness benefit additions were reviewed and discussed. Mr. Collins indicated to the Board that 50% of the active members belong to the EPO plan. Various alternatives are developed and provided to the Governor and the Legislature. Mr. Collins indicated to the Board that the plan design alternative that is approved by the Board will need to be approved by the Governor and the Legislature. The board discussed the various plan design options, the proposed wellness additions and the effect of the changed in deductibles and co-insurance.

MS. EHRHARDT MOVED TO ACCEPT STAFF PRIORITY AND BENEFITS COMMITTEE PRIORITY WHICH INCLUDES THE EXISTING PLAN PLUS THE ADDITIONAL WELLNESS BENEFITS AND INCENTIVES AND TO PRESENT THIS TO THE GOVERNOR. MR. TRENBEATH SECONDED THE MOTION.

The Board further discussed the motion.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Mr. Trenbeath, and Mr. Erdmann

Nays: Ms. Smith and Chairman Strinden

MOTION PASSED

MEDICARE PART D RENEWAL

Mr. Collins indicated to the Board there is an increase of 13% effective for one year beginning January 1, 2009, with the premium increasing by \$7.3 per month. Mr. Collins reviewed with the Board that more than half of this increase is the result of the plan receiving less of a federal subsidy than anticipated. The Board discussed this renewal.

MR. LEINGANG MOVED TO APPROVE THE MEDICARE PART D PRESCRIPTION DRUG PLAN RENEWAL. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

HB 1433

Mr. Collins reviewed with the Board the Agreement for Services for Program Assessment of the Disease State Management of Diabetes Program with the University of North Dakota Center for Health Promotion and Prevention Research. The Agreement and Addendum has been reviewed and approved by Legal Counsel.

MR. ERDMANN MOVED APPROVAL OF THE AGREEMENT FOR SERVICES, INCLUDING THE ADDENDUM, FOR THE PROGRAM ASSESSMENT OF THE DISEASE STATE MANAGEMENT OF DIABETES PROGRAM WITH THE UNIVERSITY OF NORTH DAKOTA. THE MOTION WAS SECONDED BY MS. SMITH.

Ayes: Ms. Ehrhardt, Mr. Leingang, Mr. Sandal, Ms. Smith, Mr. Trenbeath, Mr. Erdmann, and Chairman Strinden

Nays: None

MOTION PASSED

Chairman Strinden called for any other business or comments. Hearing none, the meeting adjourned at 11:45 a.m.

Prepared by,

Cheryl Stockert
Secretary to the Board